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This Week in Canadian Agriculture, Issue 10 2009

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Report Highlights:

*Interest Sparked by USA Pavilion at the 2009 CRFA Show * Trade Minister Cites Potential Benefits for Canadian Agriculture Under Possible Canada-EU Economic Agreement * Canadian Bone-in Beef Suspension Partially Lifted by Hong Kong * Competition Bureau Announces Results of XL-Tyson (Lakeside) Acquisition * Up to C\$22 Million to Help Manitoba Livestock Producers Affected by Floods * British Columbia is First Province to Restrict Trans Fat at Foodservice * Restaurant Association Says Members Have No Control Over the Supply of Trans Fat Free Products * CFIA Continues to Issue Health Alerts on Various Foods Containing Peanut Products

Includes PSD Changes: No
Includes Trade Matrix: No
Trade Report
Ottawa [CA1]
[CA]

This Week in Canadian Agriculture is a weekly review of Canadian agricultural industry developments of interest to the U.S. agricultural community. The issues summarized in this report cover a wide range of subject matter obtained from Canadian press reports, government press releases, and host country agricultural officials and representatives.

Disclaimer: Any press report summaries in this report are included to bring U.S. readership closer to the pulse of Canadian developments in agriculture. In no way do the views and opinions of these sources reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

INTEREST SPARKED BY USA PAVILION AT THE 2009 CRFA SHOW BUT EXCHANGE RATE LENGTHENS SALES HORIZON.

The Canadian Restaurant and Foodservices Association (CRFA) show took place March 8-10, 2009, in Toronto, Canada. Despite the slowdown in the economy and some contraction in the size, this foodservice event welcomed approximately 1,200 exhibitors and 16,000 trade visitors. In the USA pavilion, six companies and organizations displayed U.S. products including New York wines, nut mixes and other snacks, pastries and croissants, crackers and breads, spices, spice pastes, dried mushrooms, stuffed olives, and Italian-style gourmet products such as mufuletta salad. Throughout this 3-day event, exhibitors met key buyers from restaurants, hotel chains, food service suppliers, and brokers. One major deterrent to immediate sales is the current exchange rate. Parity between the U.S. and Canadian dollars reigned less than six months ago but the current strength of the U.S. dollar at 25-30 percent above the Canadian dollar has shifted some purchasing decision into the future when the two currencies are closer.

TRADE MINISTER DAY CITES POTENTIAL BENEFITS FOR WHEAT AND PORK, SEAFOOD AND WOOD EXPORTS UNDER POSSIBLE CANADA-EU COMPREHENSIVE ECONOMIC AGREEMENT:

Stockwell Day, Minister of International Trade has announced that Canada and the European Union have agreed on the areas to be negotiated in a possible comprehensive economic agreement. These areas include trade in goods and services, as well as areas such as investment, technical barriers to trade and regulatory cooperation. "I am pleased with the tremendous progress we have made with the EU," said Minister Day. "This agreement puts us in a position to launch comprehensive negotiations as early as possible. The EU is our second-largest trading partner, and the Canada-EU relationship holds great potential. During times of economic uncertainty, it is more important than ever for Canadians to seek out new trade and investment opportunities abroad." A bilateral agreement with the EU could deliver commercial benefits across many sectors of the Canadian economy, including aerospace, chemicals, aluminum, wood products, fish and seafood, automotive vehicles and parts, agricultural products such as wheat and pork, and transportation services and other business services. According to Day, Canadian merchandise exports to the EU reached C\$36.1 billion during 2008 and two-way trade totaled C\$90.1 billion. The EU is Canada's second-largest export market after the United States. Day also said that together with the provinces and territories, and in consultation with Canadian stakeholders, the Government of Canada will now prepare its detailed negotiating mandate with a view to formally launch negotiations as early as possible.

CANADIAN BONE-IN BEEF SUSPENSION PARTIALLY LIFTED BY HONG KONG: Hong Kong's Centre for Food Safety issued a press release March 9, 2009 stating it will resume processing applications for imports of bone-in beef from Canada. Following the detection on bovine spongiform encephalopathy (BSE) in Canada in May 2003, Hong Kong instituted an import ban but lifted it about 18 months later for Canadian boneless beef from animals under thirty months of age. "At the initial stage, only beef rib cuts and other bone-in products (except vertebral column cuts) from cattle less than 30 months old are allowed to be imported from Canada," the centre said. *COMMENT: In early January 2009, Agriculture Minister Gerry Ritz announced an agreement in-principle with Hong Kong to expand export opportunities for Canadian beef which includes a phased-in time table to open that market to all commercially-significant Canadian beef exports (see [CA9003](#)). Currently, U.S. beef exports to Hong Kong are restricted to boneless beef from animals under thirty months of age (see [FSIS export requirements for Hong Kong](#)).*

COMPETITION BUREAU ANNOUNCES RESULTS OF XL-LAKESIDE ACQUISITION: Canada's Competition Bureau, an independent agency, recently announced that it will not at this time challenge the acquisition by XL Foods Inc. of the beef packing plant operated by Lakeside, the Canadian subsidiary of Tyson Foods, Inc. Last summer Tyson agreed to sell the packing, feed yard and fertilizer assets of Lakeside Farm Industries and its subsidiary, Lakeside Packers, to the Canadian owned XL

Foods for C\$107 million (see [CA8049](#)). The acquisition will reduce to two, XL Foods and Cargill Ltd., as the only major capacity beef plants in Canada. The Bureau is concerned whether competition for Canadian cattle will be heightened or lessened by Tyson's departure and it believes that uncertainty surrounding U.S. COOL has complicated the assessment. The Bureau said in a press release that it intends to closely monitor the industry and will reassess the competitive impact of the transaction once the outcome of U.S. labeling measures, and the U.S. packers' response to these measures, are clear. According to the Competition Bureau, the U.S. initiative could inhibit Canadian cattle producers' ability to sell into the U.S. market. In a joint release with XL Foods, Tyson said, "While Tyson will no longer own a beef plant in Canada; we fully intend to continue buying Canadian cattle to supply some of our U.S. beef operations, such as our beef complex in Pasco, Washington." XL Foods Inc. is the largest Canadian owned and operated beef processor in Canada. It is part of the Nilsson Bros. Group of companies, which is a diverse agri-business that is involved in all facets of beef and cattle production, marketing and processing. XL Foods Inc. operates facilities in Alberta, Saskatchewan, Nebraska and Idaho. The Lakeside beef plant currently has the capacity to slaughter and process 4,700 cattle per day. The boxed beef produced by the plant is primarily sold to customers in Canada and the United States.

UP TO C\$22 MILLION EARMARKED TO HELP MANITOBA LIVESTOCK PRODUCERS AFFECTED

BY FLOODS: The federal government and the government of Manitoba have announced up to C\$22 million (approximately \$17 million) in funding on a 60-40 basis to deliver two programs: the Manitoba Forage Restoration Program where producers can apply for payments of up to C\$40 per acre to re-establish forage crops, forage seed fields and pasture affected by flooding in the fall of 2008 and; the Manitoba Livestock Feed Assistance Program under which Manitoba cattle producers can receive a payment of C\$70 per head for breeding stock to help cover the cost of feed. Other breeding stock animals are also eligible and per-head payments will vary based on the type of animal. The announcement was made jointly by Manitoba Agriculture Minister Rosann Wowchuk and federal Agriculture Minister Gerry Ritz. Wowchuk said the programs are designed to prevent producers from being forced to sell off their herds after cattle producers in the Interlake and Westlake regions of the province saw their hay fields flooded preventing many of them from putting up sufficient stored feed to overwinter their cattle. Minister Ritz also announced that the federal Government will allow tax deferrals to livestock producers who are forced to sell animals due to flooding.

BRITISH COLUMBIA IS FIRST PROVINCE TO RESTRICT TRANS FATS AT FOODSERVICE: All

foodservice establishments that require a permit to operate in British Columbia (B.C.) must comply with new provincial trans fat regulations by Sept. 30, 2009. This includes restaurants, delis, cafeterias, educational institutions, health care institutions, schools, special events, and bakeries. Packaged foods sold directly to the consumer that have a federally-approved Nutrition Facts Table on the package are exempt from the regulation. The announcement was made by Mary Polak, B.C. Minister of Healthy Living and Sport. The Minister said, "By the time we hold the Olympics in 2010, we want every British Columbian and every visitor to our province to know the food they order in restaurants...is trans fat-free." *COMMENT: In June 2007, the Government of Canada called on the food industry to voluntarily reduce the levels of trans fat in the Canadian food supply to the levels recommended by the Trans Fat Task Force, a partnership between Health Canada (HC) and the Heart and Stroke Foundation of Canada. Canada's Minister of Health said that HC will develop regulations to ensure that the recommended levels are met if significant progress is not made within two years (i.e., by the end of 2009). The recommended levels include limiting the trans fat content of vegetable oils and soft, spreadable margarines to 2% of the total fat content and limiting the trans fat content for all other foods to 5% of the total fat content, including restaurant servings. In July 2008, the Task Force released a second report under its [trans fat monitoring program](#). In that report the fast food sector showed that it had achieved some important cuts in trans fat levels, but many margarine producers had not significantly lowered levels. On January 1, 2008 Calgary, Alberta became the first Canadian city to introduce a rule that bans city restaurants from preparing meals with cooking oils that have a trans fat content of 2% or higher (see [CA8001](#)).*

RESTAURANT ASSOCIATION SAYS MEMBERS HAVE NO CONTROL OVER THE SUPPLY OF TRANS FREE PRODUCTS THAT THEY SOURCE:

Ron Reaman, Vice President, Canadian Restaurant and Foodservice Association (CRFA) applauded the objective of the B.C. action on trans fat (see above story), but said, "The process is fundamentally flawed. Trans fat reduction needs to happen at the national level and at the source, which is food production and manufacturing." The CRFA said that while grocery purchases are not covered by the B.C. regulations, restaurant operators source most of

their ingredients and food products from the same manufacturers that supply grocery stores and can't control the supply of trans-fat-free products. "Health Canada's trans fat data monitoring program shows the restaurant sector has made significant progress in reducing or eliminating trans fat," Reaman said. "We recognize that as an industry we need to do even more to meet the targets recommended by (Health Canada's) trans fat task force, but it's going to take a coordinated effort by the entire food chain."

CFIA CONTINUES TO ISSUE HEALTH HAZARD ALERTS ON VARIOUS FOODS CONTAINING PEANUT PRODUCTS:

As part of its ongoing food safety investigation, the Canadian Food Inspection Agency (CFIA) is continuing to issue public warnings not to consume certain foods because the products may be contaminated with *Salmonella* and contain peanut products (butter/paste, as well as whole, crushed, powdered, etc.) that have been recalled in the U.S. and Canada by Peanut Corporation of America (PCA). The CFIA is working with Canadian manufacturers to recall foods containing affected peanut products imported from the United States and is working with the U.S. Food and Drug Administration (FDA) to identify and remove all affected products imported into Canada. For a complete list of the products on the CFIA recall list, which now numbers in the hundreds since the investigation began in January 2009, click [here](#).

Exchange Rate: Noon rate, March 6, 2009 (Bank of Canada): U.S. Dollar = C\$1.2863

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